

ORIGINAL

OPEN MEETING



0000171862

MEMORANDUM

TO: THE COMMISSION

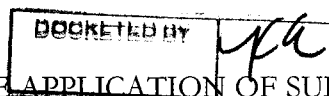
Arizona Corporation Commission

DOCKETED

FROM: Utilities Division

JUL 26 2016

DATE: July 26, 2016



RE: IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. FOR THE 2016 NET METERING TARIFF WITH UPDATED AVOIDED COST (DOCKET NO. E-01575A-16-0232)

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL
2016 JUL 26 A 8:58

On July 1, 2016, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") filed an application for approval to update the avoided cost that is contained in its Net Metering Tariff. SSVEC's Net Metering Tariff was approved by the Commission in Decision No. 71463 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 75225 (August 26, 2015).

The Net Metering rules allow electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by SSVEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing periods.

Each September (or for a customer's final bill upon discontinuance of service), SSVEC credits the customer for the balance of any remaining excess kWh. The payment for the purchase of these excess kWh is at SSVEC's annual average avoided cost, which is specified on the Net Metering Tariff. Arizona Administrative Code ("A.A.C.") R14-2-2302(1) defines avoided cost as "the incremental cost to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

SSVEC's Net Metering Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by SSVEC's wholesale power suppliers during the previous 12 months calculated with the receipt of the May wholesale power bills. SSVEC is required to file its updated avoided cost calculations with the Commission no later than July 1 of each year. This updated avoided cost, after approval by the Commission, would become effective on September 1.

SSVEC's current approved avoided cost rate is \$0.0258 per kWh. SSVEC proposes that the rate be decreased to \$0.0249 per kWh. Staff has reviewed SSVEC's purchased power costs that resulted in the \$0.0249 per kWh rate and confirms that the proposed rate reflects SSVEC's avoided cost.

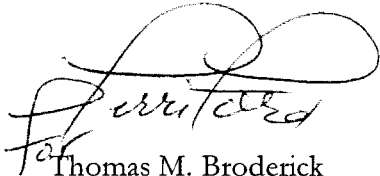
Therefore, Staff recommends that SSVEC's proposed annual average avoided cost for its Net Metering Tariff of \$0.0249 per kWh be approved, and become effective September 1, 2016.

THE COMMISSION

July 26, 2016

Page 2

Staff further recommends that SSVEC be required to file, with Docket Control, a revised Net Metering Tariff, with Docket Control, consistent with the Decision in this case within 15 days of the effective date of the Decision.

A handwritten signature in black ink, appearing to read "T. Broderick", with a large, stylized loop at the end.

Thomas M. Broderick
Director
Utilities Division

TMB:JJP:nr\WVC

ORIGINATOR: Jeffrey Pasquinelli

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

IN THE MATTER OF THE APPLICATION
OF SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC. FOR
THE 2016 NET METERING TARIFF WITH
UPDATED AVOIDED COST.

DOCKET NO. E-01575A-16-0232
DECISION NO. _____
ORDER

Open Meeting
August 9 and 10, 2016
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On July 1, 2016, SSVEC filed an application for approval to update the avoided cost that is contained in its Net Metering Tariff.
3. SSVEC's Net Metering Tariff was approved by the Commission in Decision No. 71463 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 75225 (August 26, 2015).
4. The Net Metering rules allow electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by SSVEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing periods.

5. Each September (or for a customer's final bill upon discontinuance of service), SSVEC credits the customer for the balance of any remaining excess kWh. The payment for the purchase of these excess kWh is at SSVEC's annual average avoided cost, which is specified on the Net Metering Tariff. Arizona Administrative Code ("A.A.C.") R14-2-2302(1) defines avoided costs as "the incremental cost to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

6. SSVEC's Net Metering Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by SSVEC's wholesale power suppliers during the previous 12 months calculated with the receipt of the May wholesale power bills. SSVEC is required to file its updated avoided cost calculations with the Commission no later than July 1 of each year. This updated avoided cost, after approval by the Commission, would become effective on September 1.

7. SSVEC's current approved avoided cost rate is \$0.0258 per kWh. SSVEC proposes that the rate be decreased to \$0.0249 per kWh. Staff has reviewed SSVEC's purchased power costs that resulted in the \$0.0249 per kWh rate and confirms that the proposed rate reflects SSVEC's avoided cost.

8. Therefore, Staff has recommended that SSVEC's proposed annual average avoided cost for its Net Metering Tariff of \$0.0249 per kWh be approved, and become effective September 1, 2016.

9. Staff has further recommended that SSVEC be required to file, with Docket Control, a revised Net Metering Tariff consistent with the Decision in this case within 15 days of the effective date of the Decision.

CONCLUSIONS OF LAW

1. SSVEC is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over SSVEC and over the subject matter of the application.

1 3. Approval of the revised Avoided Cost rate does not constitute a rate increase as
2 contemplated by A.R.S. Section 40-250.

3 4. The Commission, having reviewed the application and Staff's Memorandum dated July
4 26, 2016, concludes that it is in the public interest to approve the revised avoided cost rate in SSVEC's
5 Net Metering Tariff as discussed herein.

6 ORDER

7 IT IS THEREFORE ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s
8 annual average avoided cost rate for its Net Metering Tariff shall be set at \$0.0249 per kWh, effective
9 September 1, 2016.

10 ...

11 ...

12 ...

13 ...

14 ...

15 ...

16 ...

17 ...

18 ...

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

1 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall file,
2 with Docket Control, a revised Net Metering Tariff consistent with the Decision in this case within 15
3 days of the effective date of the Decision.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.
5
6

7 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**
8

9 _____
CHAIRMAN LITTLE

COMMISSIONER STUMP

10 _____
11
12 COMMISSIONER FORESE

COMMISSIONER TOBIN

COMMISSIONER BURNS

13
14 IN WITNESS WHEREOF, I, JODI A. JERICH, Executive
15 Director of the Arizona Corporation Commission, have
16 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2016.

17
18 _____
19 JODI A. JERICH
20 EXECUTIVE DIRECTOR

21 DISSENT: _____

22
23 DISSENT: _____

24 TMB:JJP:nr/WVC
25
26
27
28

1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.
2 DOCKET NO. E-01575A-16-0232

3 Mr. David Bane
4 Key Accounts Manager
5 Sulphur Springs Valley Electric Cooperative, Inc.
6 311 East Wilcox
7 Sierra Vista, Arizona 85635

8 Mr. Thomas M. Broderick
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Mr. Dwight Nodes
19 Chief Administrative Law Judge, Hearing Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, AZ 85007